

Message Text

CONFIDENTIAL

PAGE 01 ROME 02224 101602Z

46

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SAJ-01 SSO-00 NSCE-00 INRE-00

USIE-00 CIAE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 EB-07 TRSE-00 CIEP-01 FRB-03

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INFO DIA WASHDC

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USCINCEUR VAIHINGEN GERMANY

C O N F I D E N T I A L ROME 2224

E.O. 11652: GDS

TAGS: PINT, IT

SUBJECT: THE GOVERNMENT CRISIS DRAWS TO A CLOSE

REF: ROME 2179

SUMMARY: MORO FORMALLY NOTIFIED PRESIDENT LEONE TODAY AT NOON THAT HE WILL PROCEED TO FORM ALL-DC GOVERNMENT. COMPOSITION OF NEW GOVERNMENT IS THOUGHT LIKELY TO BE DECIDED BY END OF WEEK. DESPITE ITS GRAVE RESERVATIONS, DC WILL THUS LAUNCH A GOVERNMENT WHOSE PARLIAMENTARY MAJORITY WILL BE BASED ON ABSTENTIONS OF SOCIALISTS AND REPUBLICANS (AND PERHAPS LIBERALS) AND WHICH WILL BE AT MERCY OF LEFTIST OPPOSITION AT TIME OF ECONOMIC DIFFICULTIES. END SUMMARY.

1. PREMIER-DESIGNATE MORO INFORMED PRESIDENT LEONE TODAY AT NOON THAT HE CAN NOW PROCEED TO PUT TOGETHER A DC "MONOCOLORE" CABINET. IN CONSULTATION WITH DC LEADERSHIP, HE IS WORKING OUT COMPOSITION OF ALL-DC GOVERNMENT AND WILL PROBABLY PRESENT HIS DECISIONS TO LEONE WITHIN NEXT FEW DAYS. NEW

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ROME 02224 101602Z

ABLY PRESENT HIS DECISIONS TO LEONE WITHIN NEXT FEW DAYS. NEW

MORO CABINET WOULD THEN MEET TO CHOOSE UNDERSECRETARIES. NEXT STOP WOULD BE PRESENTATION OF GOVERNMENT PROGRAM TO PARLIAMENT, FOLLOWED BY CONFIDENCE VOTE.

2. ALL-DC GOVERNMENT WILL DEPEND FOR SURVIVAL UPON BENEVOLENT ABSTENTION IN PARLIAMENT OF SOCIALISTS. IN ADDITION, REPUBLICANS HAVE PROMISED ABSTENTION ON CONFIDENCE VOTE AND LIBERAL PARTY IS CONSIDERING SIMILAR ATTITUDE. INCLUDING VOTES OF MINISCULE, PRO-DC SOUTH TYROL PEOPLES PARTY (SVP), AND ASSUMING LIBERALS (PLI) VOTE AGAINST, DC WOULD HAVE 19 VOTE MAJORITY IN CHAMBER OF DEPUTIES AND 10 IN SENATE (SOCIALISTS AND REPUBLICANS ABSTAINING). IF PLI ABSTAINS, DC MAJORITY WOULD INCREASE TO 29 IN CHAMBER AND 15 IN SENATE. FRAGILITY OF MAJORITY WILL BE DRAMATICALLY APPARENT AT TIME OF CONFIDENCE VOTE, SINCE SENATE RULES REQUIRE MEMBERS TO LEAVE THE HALL IN ORDER TO INDICATE ABSTENTION. THIS WILL LEAVE DC AND COMMUNISTS AS MAJOR PARTIES REMAINING ON THE BENCHES.

3. VERY FEW WITHIN THE DC PARTY ARE REPORTEDLY HAPPY WITH PROSPECTS OF GOING AHEAD WITH AN EXCEEDINGLY WEAK DC GOVERNMENT, AT MERCY OF SOCIALIST OPPOSITION, AT TIME OF ECONOMIC DIFFICULTIES. HOWEVER, A MAJORITY CONCLUDED THAT FURTHER DITHERING COULD ONLY DAMAGE FURTHER PARTY'S IMAGE AND THAT GRASPING NETTLE WOULD AT LEAST HAVE ADVANTAGE OF SHOWING SENSE OF RESPONSIBILITY. TENTATIVE EFFORTS LED BY FANFANI AND ANDREOTTI TO SUBSTITUTE CENTRIST LEADER FOR MORO FAILED UNDER PRESSURE OF LIRA CRISIS, UNCERTAINTY OF OTHER CENTRIST LEADERS (PICCOLI) AND PRO-MORO PUSH BY PRESIDENT LEONE FEBRUARY 8 (REFTEL).

4. COMPOSITION OF NEW GOVERNMENT MAY PRESENT PROBLEMS, ALTHOUGH MORO IS REPORTEDLY ANXIOUS TO PRESENT MINISTERIAL CHOICES TO PRESIDENT LEONE TOMORROW OR NEXT DAY. DC SOURCE REPORTS PRESSURE BUILDING IN DC PARLIAMENTARY GROUPS FOR GOVERNMENT CHANGES SUGGESTING DC DESIRE FOR "RENEWAL." SOURCE DOUBTS SUBSTANTIAL CHANGES COULD BE MADE WITHOUT PROVOKING INTERNAL DIVISIONS. HOWEVER, HE CONSIDERS LIKELY SOME GESTURES IN THIS DIRECTION IN FAVOR OF SOME "YOUNGER" MINISTERS LIKE SARTI, COSSIGA AND MORLINO WHEN FOUR MINISTRIES FORMERLY HELD BY REPUBLICANS ARE PARCELLED OUT. RUMORS ARE ALSO CIRCULATING

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PAGE 03 ROME 02224 101602Z

THAT INTERIOR MINISTER GUI MAY BE DROPPED (ON HIS REQUEST) AND THAT FANFANI MAY BE GIVEN IMPORTANT POST IN NEW GOVERNMENT SUCH AS FOREIGN MINISTRY.

5. COMMENT: DC HAD LITTLE CHOICE AT THIS STAGE IN LETTING MORO PROCEED TOWARD FORMATION OF A MONOCOLORE GOVERNMENT. THE "HOT POTATO" OF RESPONSIBILITY FOR CONTINUING THE CRISIS HAD PASSED BACK TO THE DC LAP AND THE SERIOUS ECONOMIC SITUATION

HAD DAMPENED ENTHUSIASM WITHIN THE PARTY FOR IMMEDIATE DISSOLUTION OF PARLIAMENT FOLLOWED (IN 70 DAYS) BY EARLY ELECTIONS. BEST HOPE FOR DC AT THIS STAGE IS PRESENTATION OF AT LEAST SLIGHTLY "RENEWED" CABINET WITH CLEARLY DEFINED (BUT NECESSARILY LIMITED) ECONOMIC PROGRAM AIMED AT SHOWING COUNTRY THAT PARTY STILL CAPABLE OF GOVERNING. VOLPE

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